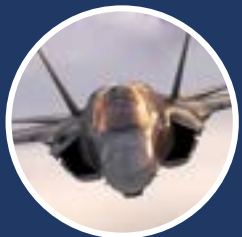




*Maximising the Benefits of Industry Engagement*



*“Our Point of Difference is Our People” – Emily Frizell, CEO*



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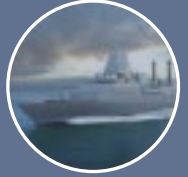
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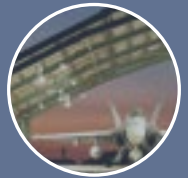
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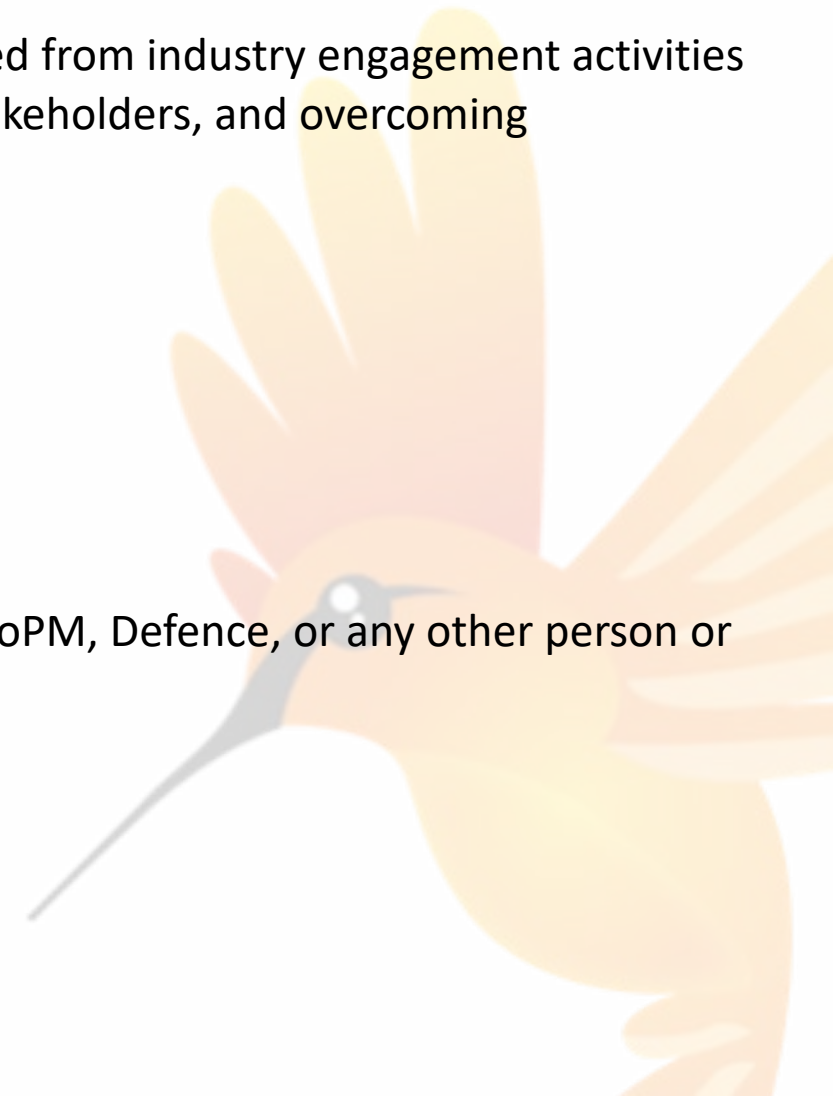
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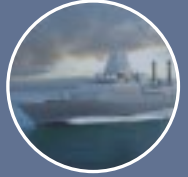
## Welcome

- Objective:
  - Present tools and techniques to maximise the benefits to be gained from industry engagement activities by identifying risks and benefits, identifying and engaging with stakeholders, and overcoming organizational risk aversion.
- Scope:
  - Background
  - Some industry engagement truths
  - The unique aspects of Defence acquisition
  - Identifying and quantifying risk
  - How to influence key people to overcome resistance
- Caveat:
  - The opinions presented here are my own and don't represent AeroPM, Defence, or any other person or organisation.





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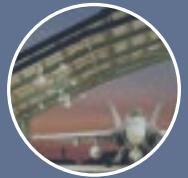
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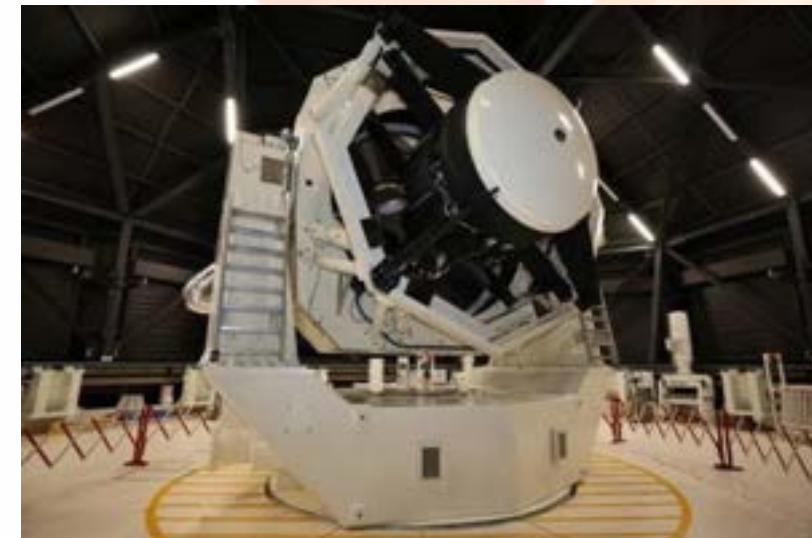
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## About Me

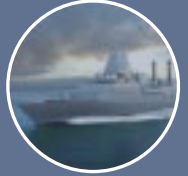
- Army veteran – Royal Australian Engineers
- Private industry – Manufacturing, construction and utilities procurement officer and project manager
- Australian Public Service (Defence) – CASG Project and Program Manager
- Defence Industry – Project Manager with a Prime Vendor
- Consulting – AeroPM, Defence CASG







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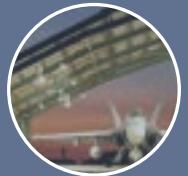
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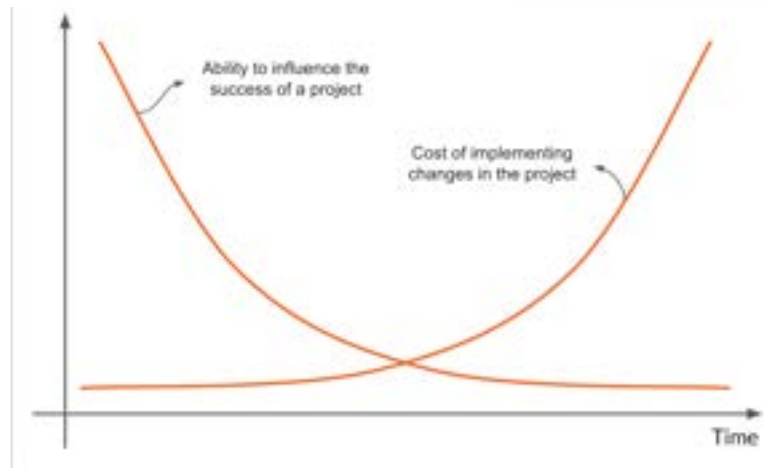
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## Some Truths About Industry

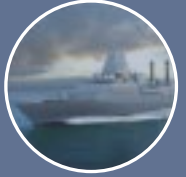
- Private businesses want to make money \*
- Suppliers want to sell you their product or service
- Products can always be customised, for a price
- Everything is possible, for a price
- Every supplier has a better solution than everyone else
- Suppliers will seek to get an advantage over their competitors
- Suppliers will seek to take the path of least resistance
- There are benefits and pitfalls to Industry engagement (supply chain management), regardless of the context



\* Note: For an interesting perspective on the responsibility of business to generate profits, read Mintzberg's article <https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html>)



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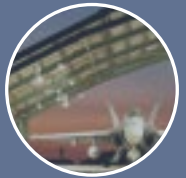
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## Defence Isn't Special

- Defence projects are just projects, standard project management and procurement practices apply
- Internal policy makes Defence procurement different
- Defence better practice guides promote early and regular Industry engagement
- Procurement policy framework is resource intensive and restrictive
- This creates a risk averse procurement culture

# Risk aversion: Sacrifice potential benefits to avoid risks

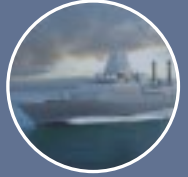


"We've considered every potential risk except the risks of avoiding all risks."





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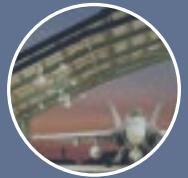
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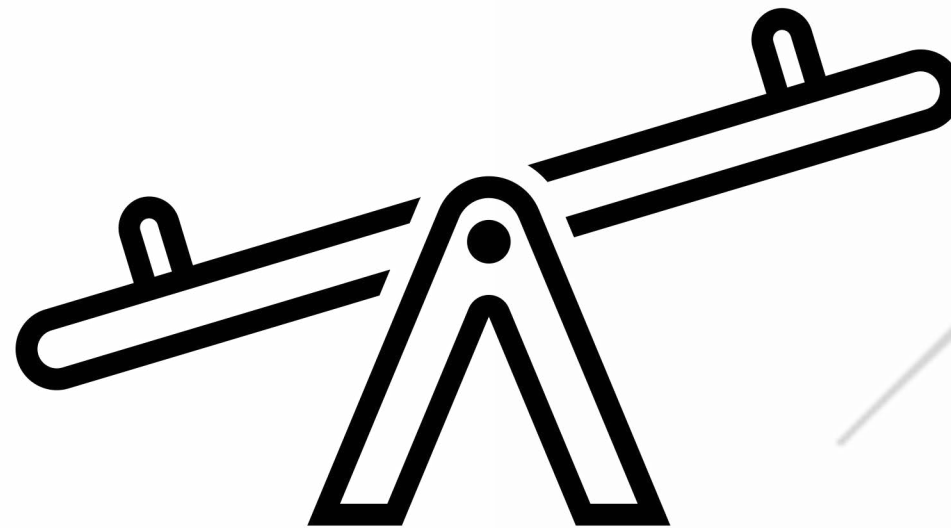


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## Probity is not a dirty word

- Probity is a risk, but not the only risk in procurement
- Probity requires a lot of effort to manage
- Probity risk and/or management effort often cited as the reason for not engaging in Industry engagement activities
- Also a common reason for simplifying Industry engagement activities
- Probity risk needs to be accurately balanced against other risks and mitigated appropriately

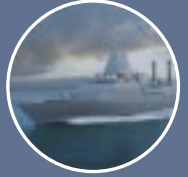
Balanced  
risk  
profile



Benefits



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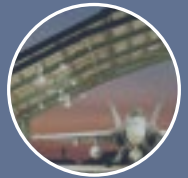
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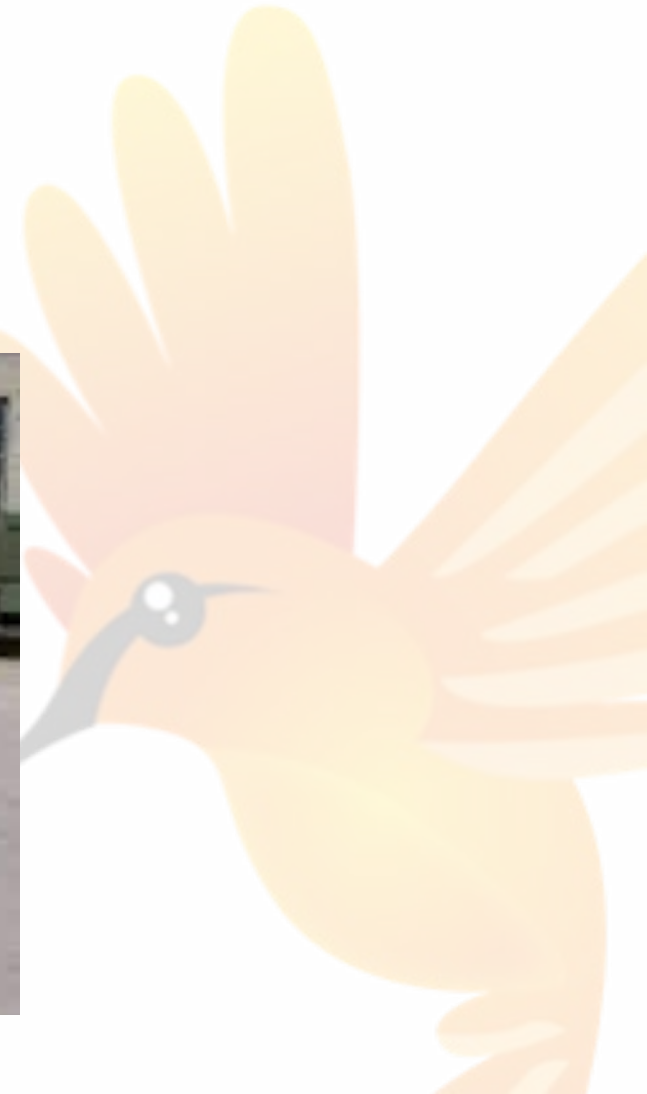
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## What is Capability Risk

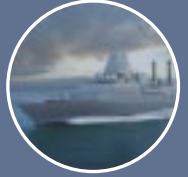
- How well do we know what we want?
- How well do we know what solutions are available?
- Are we expressing need in terms of equipment or outcomes/effects?
- What impact does all this have on the broader organisation?







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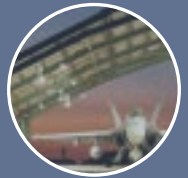
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## Balancing Risk

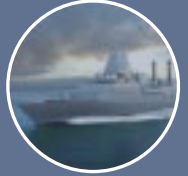
- Which risks are more important?
- Are we balancing them effectively, or is there some bias?
- Do we fully understand the risks that we don't own?







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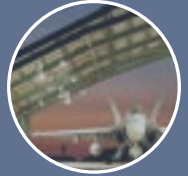
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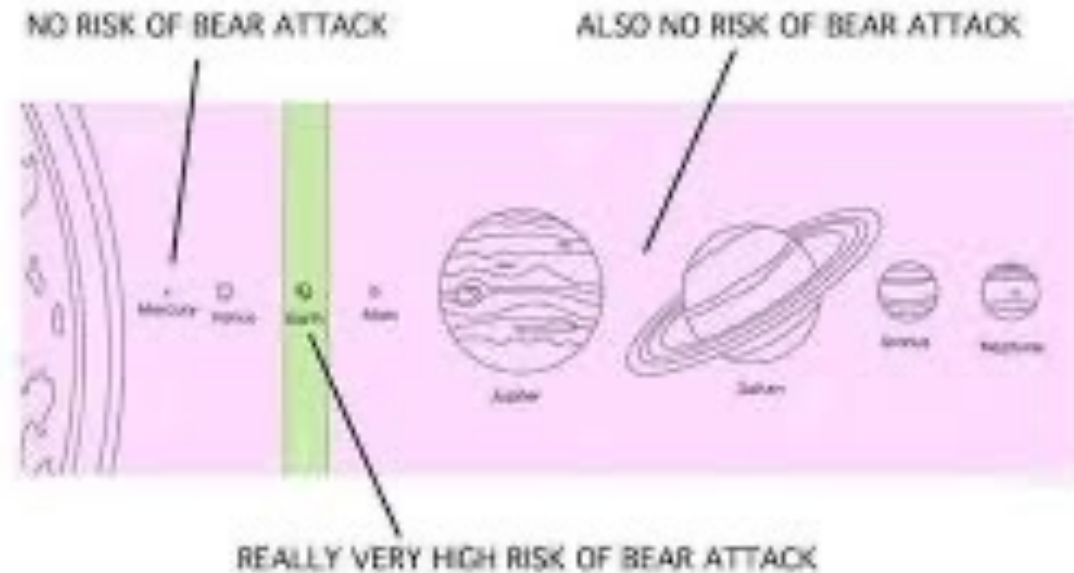


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## Overcoming Risk Aversion

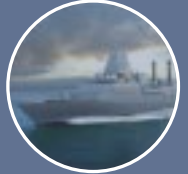
- Two options:
  - 1. Change the environment to be more risk tolerant
  - 2. Influence decision makers to exercise their delegations in a more risk tolerant way
    - We can apply change management theory here
    - Quantify risks and use tools to communicate them

### CHART TO HELP DETERMINE RISK OF BEAR ATTACK:





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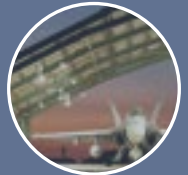
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## Change Management Theory

### Lewin's Force Field Theory

Unfreeze

Change

Refreeze

### Kotter's 8 steps

1. Create a sense of urgency
2. Build a guiding coalition
3. Form a strategic vision and initiatives
4. Enlist a volunteer Army

5. Enable action by removing barriers
6. Generate short term wins

7. Sustain acceleration
8. Institute change



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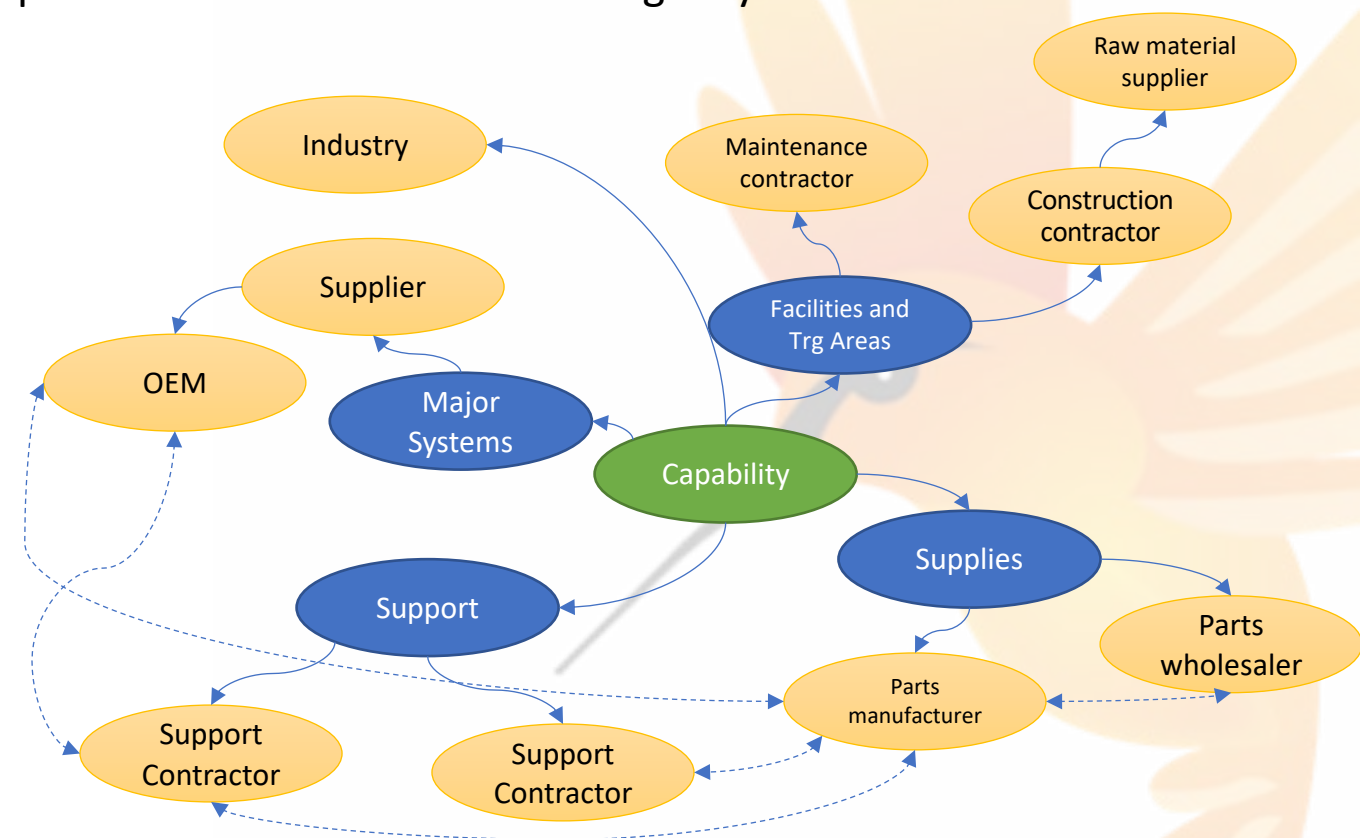
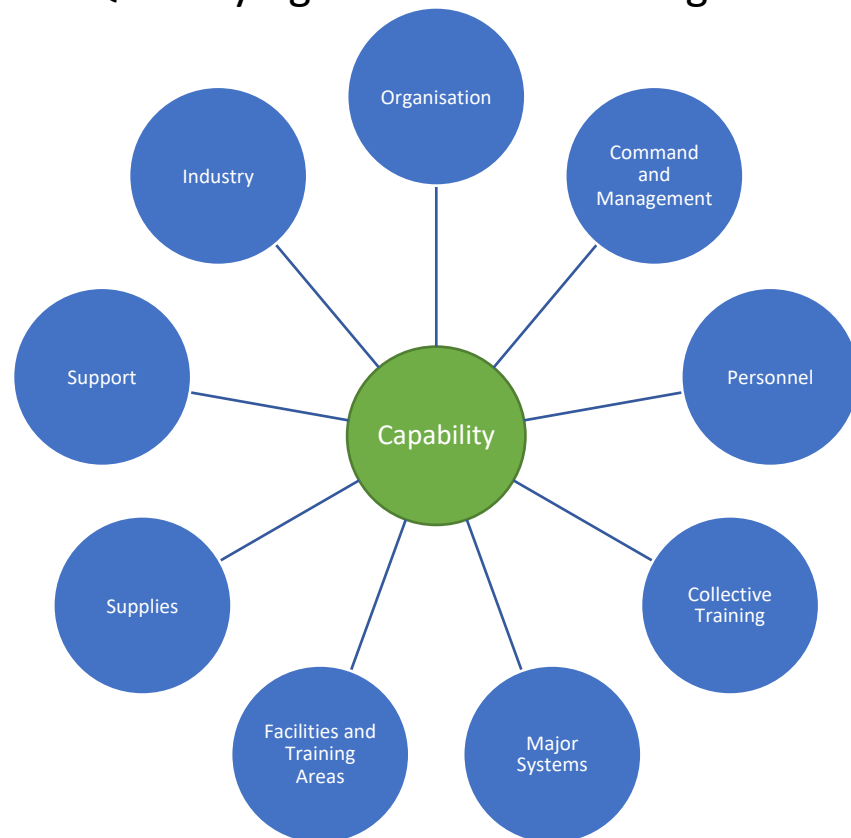
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## Unfreezing – Creating a Sense of Urgency

- Unfreezing: Understanding, balancing and influencing the forces promoting and resisting change
- FIC coordination is just stakeholder management
- Industry as FIC = Industry is a stakeholder
- Stakeholder management provides a means to quantify risk and develop management strategies
- Quantifying and communicating risks and opportunities creates a sense of urgency







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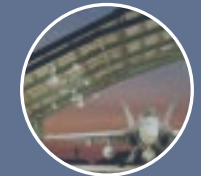
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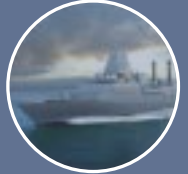
## Stakeholder Analysis – Interest vs. Influence grids

- Discussed in detail in PMBoK, PRINCE2 and Managing Successful Programmes (MSP) literature
- Many different templates and processes available
- Need to look at the problem from multiple perspectives in order to understand the stakeholders

ID	Name	Stake	Influence	Interest	Risk	Engagement Strategy
1	Project Sponsor	Provides strategic guidance and objectives	High	High	May make executive decisions on procurement strategy	Seek endorsement of proposed strategy early
2	Capability Manager	Determines capability needs	Low	High	Can influence procurement strategy decisions by execs	Keep engaged in procurement process
3	Financial Delegate	Accountable for spending public money	High	Med	Managing multiple projects, may apply generic preferences	Formalise procurement strategy early, brief regularly
4	Project Manager	Develops and executes project plans	Med	High	Executes procurement strategy as decided by delegates/execs	Brief early, provide regular progress briefs
5	Operators	End users	Low	Med	Monitoring multiple projects	Update through CM
6	Suppliers Product A	Manufacture and supply product A	High	High	High profile project, immature requirements, large spend	Early engagement, industry briefs, multistage proc/ment
7	Suppliers Product B	Manufacture and supply product B	Med	Low	Mature requirements, single long term supplier in-service	Industry briefings, capability demonstrations
8	Suppliers Product C	Manufacture and supply product C	Low	Med	Multiple suppliers, mature OTS capability required	Single stage limited tender RFT



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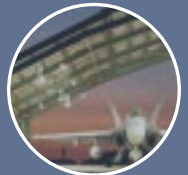
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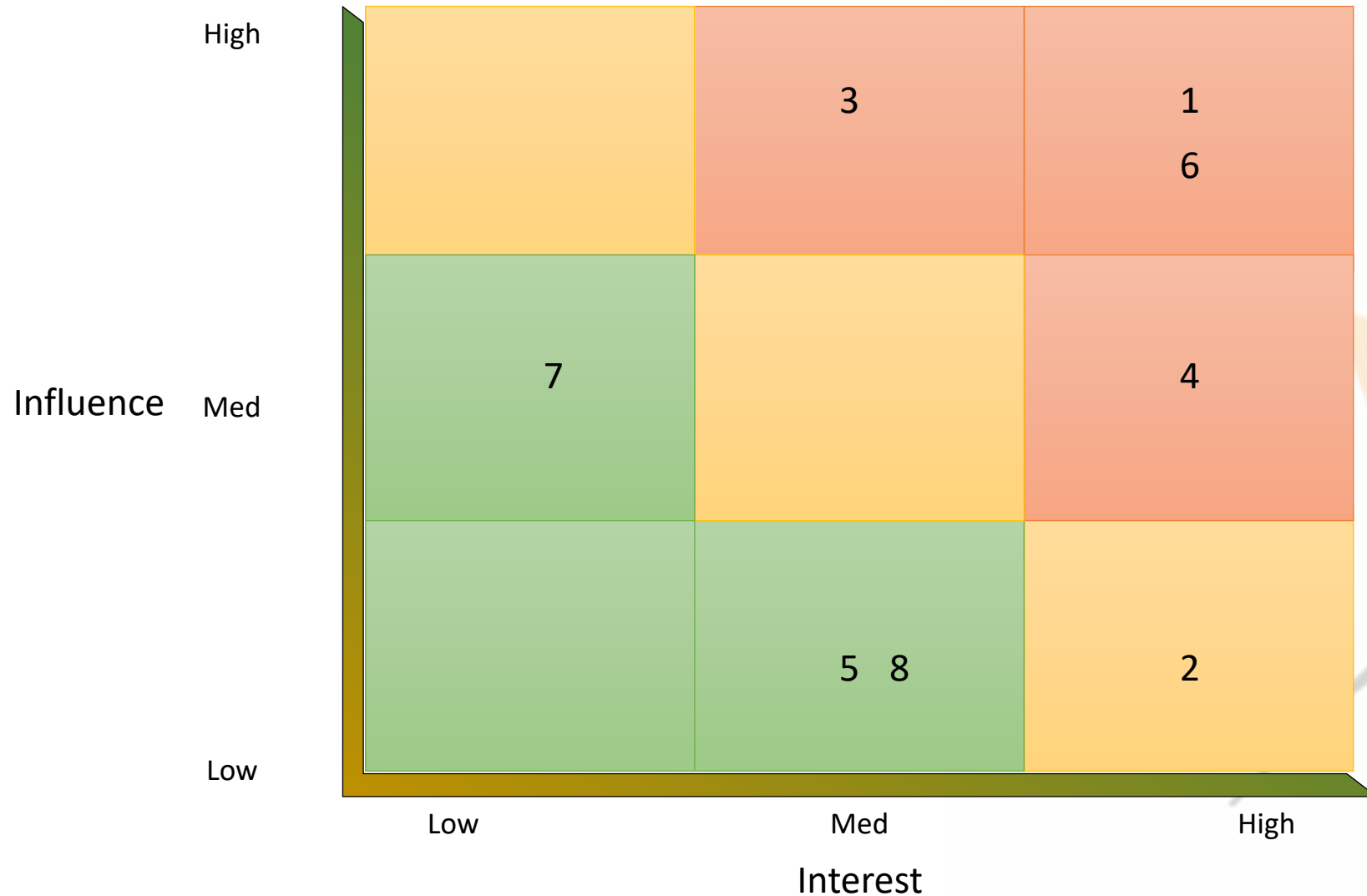


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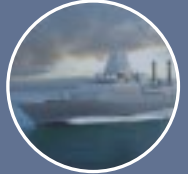
## Stakeholder Analysis – Interest vs. Influence grids



ID	Name	Priority
1	Project Sponsor	High
2	Capability Manager	Med
3	Financial Delegate	High
4	Project Manager	High
5	Operators	Low
6	Suppliers Product A	High
7	Suppliers Product B	Low
8	Suppliers Product C	Low



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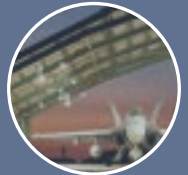
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## Unfreezing – Build a Guiding Coalition

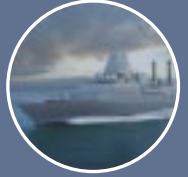
- These are the supporters
- Engage early
- Seek different perspectives







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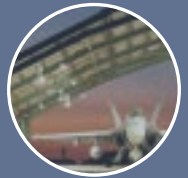
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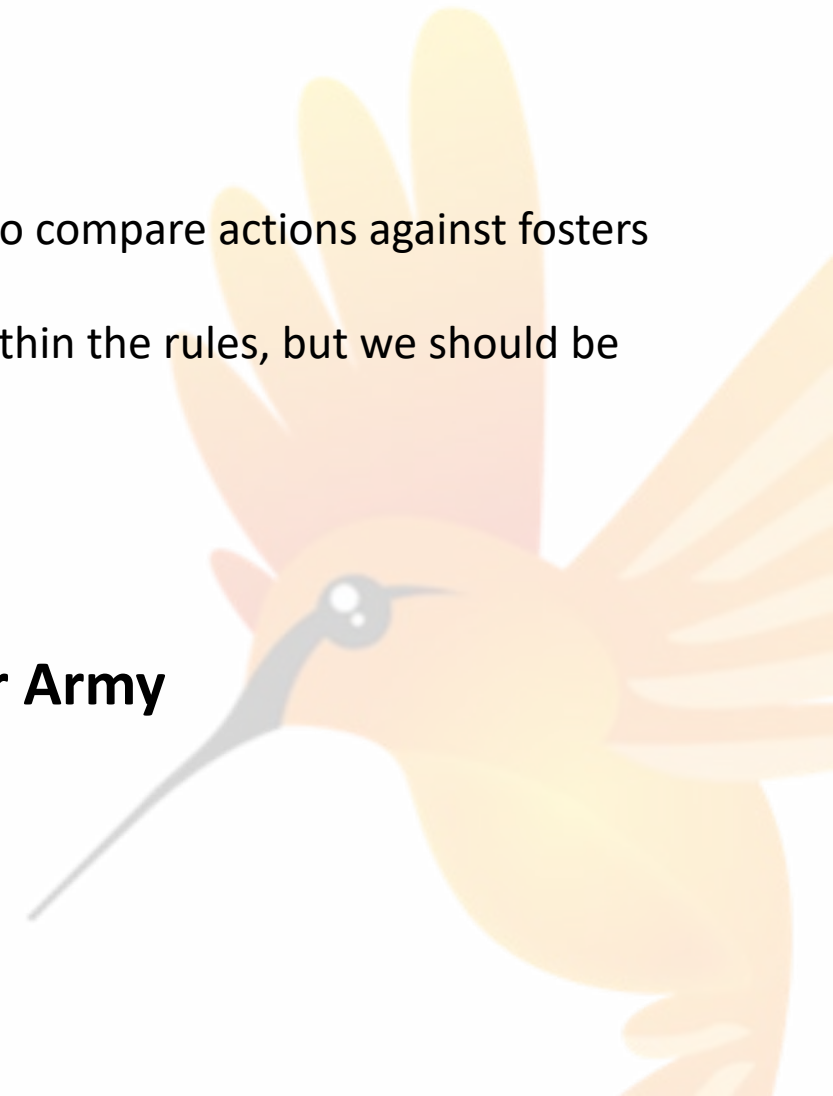
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## **Unfreezing – Form a Strategic Vision and Initiatives**

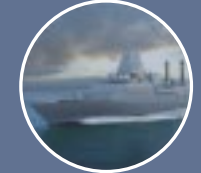
- Use your supporters
- Important word – vision
- Vision is a high level concept of the outcomes we want to generate
- There can be multiple ways of achieving the vision
- Locking in a pathway creates a barrier to change, maintaining a vision to compare actions against fosters innovation
- Note: the ends don't always justify the means, we still need to work within the rules, but we should be prepared to explore multiple ways to do so

## **Unfreezing – Enlist a Volunteer Army**

- Use the strategic vision and the supporters to influence detractors



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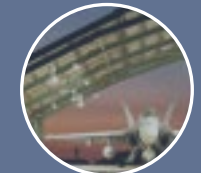
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## Changing and Refreezing

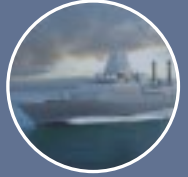
- Now that there is a vision which people have bought into, develop and execute the lower level plans to engage with industry
- When questioned 'why' (i.e. barriers being put in place), use the common strategic vision to remove the obstacles

**We are doing this to achieve the overall outcome which we have all agreed to, in order to mitigate risk x and/or exploit opportunity y**





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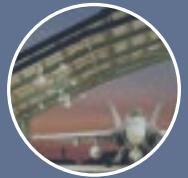
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## What are the problems with this approach?

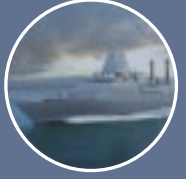
- You have to want to do it
- It takes effort
- It can feel like constantly hitting your head against a brick wall
- We will probably produce a 'workable' outcome without going through this extra effort







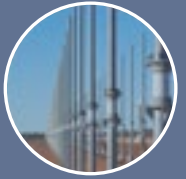
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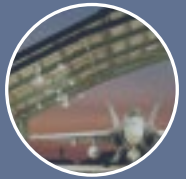
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## Why bother?

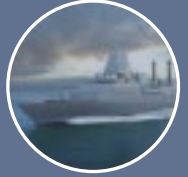
- From an industry perspective, this creates value
- It promotes innovation
- It promotes tailored solutions
- It identifies alternate solutions that we may not have considered
- It identifies parallel work being done within Defence
- Comparison with other projects



*"Above-the-line consultancy of choice across Defence"*



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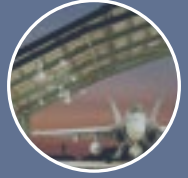
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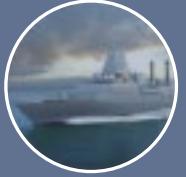
# One final caveat



*"Above-the-line consultancy of choice across Defence"*



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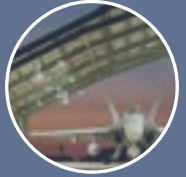
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# Questions

